# Q&A With Our *Advisors*

## Rob Radloff

Partner, Advisor

### DO I NEED A SHAREHOLDERS OR A PARTNERSHIP AGREEMENT?

When entering a business venture or investment with a partner, time is often needed to agree on how the partners will interact as owners.

The shareholders must understand what terms they are agreeing to rather than signing a templated shareholders agreement. Some basic terms that should be agreed to are:

- What happens in the event of a partner dying, becoming disabled or leaving the business?
- How is the value of the shares determined when a transaction is triggered?
- Who can a shareholder sell their shares to?
- What business decisions require unanimous consent of all shareholders?

It is best to agree to a shareholders agreement as part of the decision to enter into business together and wrestle through the expectations of how the shareholders will interact as business partners. There is a tendency to think that a shareholders agreement is not required in partnerships between family members. In our experience, this is a mistake, as often the family dynamic and potential of future conflict can make having a shareholders agreement even more critical. A shareholders agreement will reduce the possibility of future conflict, as expectations will already be set with predetermined options for specific situations.

I welcome you to contact me at rob@covenant.ca.

## Jeff Chapman

Partner, Advisor

### WHAT SHOULD I DO WITH MY WEALTH?

What you do with your wealth should be driven by your vision, not others' expectations. Anything anyone receives from you while you are alive or after you die should be seen as a blessing, not an entitlement or burden. The wealth and things you have are both your responsibility and your opportunity.

If you created it, consider your motivations for building it in the first place, and let that guide your decisions. If you didn't have any goals in mind or never anticipated having as much as you do now, take some time to consider your dreams for your wealth.

What excites you for today and for the future?

- You may wish to pass it on to your descendants as much as possible.
- You may want to fulfill personal ambitions such as living generously, positively impacting the world, or enjoying life experiences.

It's totally up to you.

Whatever your vision is for your wealth, remember that you can only implement your vision while you are still alive. The same principal applies to your time and talents.

Contact me at jeff@covenant.ca, I know we can help.

## Mark Brandsma

Partner, Advisor

### HOW CAN I REDUCE MY TAX IF I HAVE A HIGH PERSONAL INCOME?

A tax-reduction strategy often overlooked or misunderstood involves the purchase of public flow-through shares with a liquidity provider.

For decades, CRA has offered a significant tax deduction on flow-through shares, which are stock issued by junior mining companies in Canada to fund drilling and exploration. The government provides this tax incentive due to the mining industry's important role in the Canadian economy.

The strategy is also beneficial for someone with charitable objectives because the net cost to donate can be pennies on the dollar.

To unlock the tax benefits, clients purchase these public flow-through shares and donate them to charities of their choice. The shares are sold immediately for cash at a discount to an institutional buyer, or liquidity provider. The liquidity provider assumes the stock market risk. The charity receives the cash proceeds and issues a donation receipt to the donor, generating an additional tax break. By combining these two tax policies, our clients can reduce their taxes, support Canada's mining industry, and give more to charitable causes.

To find out if the purchase of flow-through shares is a suitable strategy for you, feel free to connect with me at mark@covenant.ca.